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TAGS: [PGOV](#) [PREL](#) [ES](#)
SUBJECT: REORGANIZING ARENA: THE PARTYS FUTURE AFTER
AVILA'S DEFEAT

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[1](#)B. DAO IIR

Classified By: Chage d'Affaires, for reasons 1.4 (b) and (d)

[1](#)1. S/NF) Summary: On October 11, the The National Republican Alliance (ARENA) party will hold its annual convention, marking the first time in 20 years that it has held the convention as an opposition party. The party emerged from its March 15 presidential election defeat in chaos. In June, long-brewing resentment of former President Tony Saca's heavy handed party management and allegedly corrupt politics erupted into a purge of Saca loyalists from the party's directive body, the National Executive Council (COENA). Some party insiders believe that COENA's initiatives since June have been insufficient to mend lingering rifts between pro- and anti-Saca forces and worry that weak COENA leadership could harm the party's prospects for the 2012 legislative elections. Sources suggest the party will not make any significant changes to its current course at the October 11 convention. End Summary.

THE SACA EFFECT: HOW THE FORMER PRESIDENT DIVIDES HIS PARTY

[1](#)2. (S/NF) While the Salvadoran public may be inured to self-serving behavior by politicians, many in ARENA believe that the brazen manner in which Saca and his people are widely perceived to have used their positions for personal enrichment went beyond the pale. ARENA deputy (and son of controversial ARENA founder) Roberto d'Aubuisson (protect) told PolOff that Saca "deliberately ignored" his Public Works Minister's government contract kickbacks scheme, even after the case was revealed in the press. Furthermore, considerable evidence exists, including from U.S. business sources, that the Saca administration pushed laws and selectively enforced regulations with the specific intent to benefit Saca family business interests. Saca also accumulated conspicuous assets - including a mansion in San Salvador and large landholdings in La Union) that do not square with the investments and income he had prior to assuming the presidency. ARENA loyalists worry that the open and audacious character of corruption in the Saca administration seriously damaged the party's reputation more profoundly than had corruption in previous ARENA presidencies.

[1](#)3. (S/NF) President Saca further alienated ARENA members with his heavy handed, autocratic management of the party. The most prominent example of this was his arm twisting to appoint Rodrigo Avila as the party's 2009 presidential candidate (see refTel A). Avila was elected by a show of hands during ARENA's March 2008 convention. This broke from ARENA's previous tradition of allowing COENA to select the party's candidate via consensus. COENA member Coralia de Schonenberg (protect) told PolOff that many ARENA members only voted for Avila in fear that a vote against Saca's candidate would lead to retribution. Many in the party feared the move was an attempt by Saca to retain power by

pushing a pliable politician loyal to him as his successor. In the process of supporting Avila, Saca tried to weaken the candidacies of several members of ARENA's old guard) party founders and other long time members. In marginalizing these party patriarchs and manipulating party rules Saca bred widespread resentment in the party.

¶4. (S/NF) Various sources speculate that Saca maintains a group of ARENA legislative deputies loyal to him through direct cash payments. Defense Attache Office reporting cites a source alleging that at least 23 of the 32 current ARENA deputies are on Saca's payroll (see reftel B). Hugo Barrera (protect), a founding member of ARENA, told PolOff that Saca is "definitely" using stolen government and party money to pay deputies for their support. However, Salvador Samayoa (protect), a 1992 Peace Accords signatory for the FMLN turned centrist political analyst, told PolCouns that COENA president Alfredo Cristiani privately discounted these rumors and suggested that, at most, only two ARENA deputies are pro-Saca enough to suggest they might be receiving covert payments. Samayoa says former ARENA legislative faction head Guillermo Gallegos is suspected to be one of these pro-Saca deputies.

THE CHOICES FACING ARENA

¶5. (S/NF) Despite the controversy he created within his party, Saca remains a popular figure to the Salvadoran public. As of June, his approval rating was 55 percent, higher than that of any other Salvadoran politician except President Funes (72 percent approval). This presents a challenge to ARENA's leadership: how should the party deal with the internally divisive but publicly popular former president? COENA's strategy so far has been to keep Saca at arms length in internal party issues while publicly showing a face of unity with him. For example, while Saca's people were recently purged from COENA, Saca himself will be seated at the dais together with the party's other former presidents at the upcoming convention. According to Salvador Samayoa, Cristiani said the party is slowly pushing aside the Saca loyalists in favor of the ARENA institutionalists. So far, Samayoa says, Cristiani is satisfied with the progress the party has made in resolving post-election division.

¶6. (S/NF) Another important challenge facing the party is to define its opposition strategy to President Funes' and the FMLN's initiatives. ARENA members are acutely aware of the split between Funes and the FMLN hardliners. However, in conversations with PolOff, several ARENA deputies suggested the party would be careful not to attack Funes too hard. First, Funes is a popular figure) attacking him could backfire and hurt ARENA's public approval. Second, criticizing Funes too hard from the right could push him into the arms of the FMLN, thus creating a unified leftist ruling party) ARENA's nightmare. The ARENA deputies said they do not want to be viewed as an "obstructionist" opposition. They said they would work with Funes provided that his initiatives are moderate and that he does not engage in legislative trickery to marginalize ARENA's influence.

WHITHER ARENA?

¶7. (S/NF) The party's directive body, COENA, will have to navigate these challenges. Several sources within the party are upset that COENA, as currently composed, lacks the political clout necessary to confront either Saca or the FMLN. In June, the party swept out the old Saca-loyalist COENA and replaced it with former president Cristiani and a group of what Hugo Barrera calls "second-level people." Barrera and d'Aubuisson both told PolOff that ARENA should use the opportunity of its October 11 annual convention to recompose COENA with several heavy hitters within the party. They believe a COENA with more political weight would have more authority to lead the party and would generate more enthusiasm among the party's rank and file.

¶8. (S/NF) Despite these calls to break from the status quo, ARENA insiders cautioned not to expect much from the party's upcoming convention. According to Salvador Samayoa, Cristiani has hinted that ARENA will wait until next year's convention to assess its electoral prospects and consider a change of course. Cristiani reportedly said the party's old guard "can make the boat float, but they can't make it sail." He indicated a reshuffling of COENA to refresh the party's leadership could be in the works for the 2010 convention.

¶9. (S/NF) Comment: We understand Cristiani recently proposed naming former president Flores an honorary COENA president, a distinction former presidents Cristiani, Calderon Sol and Saca now enjoy. Flores enjoys lukewarm support in ARENA, and naming him an honorary president has long been a touchy subject within the party. This proposal could be a litmus test for ARENA's internal division. If it passes without internal uproar, it may suggest other divisive issues) such as how to deal with Saca and his loyalists) will also be resolved amicably. Either way, we expect ARENA under Cristiani to move slowly and cautiously to address the internal division. All signs indicate that COENA will use the October 11 convention to reaffirm the current course.

¶10. (S/NF) Comment (cont.): Despite evidence that Saca's leadership may have weakened ARENA's institutional foundations, it remains a well-disciplined party with substantial popular support. A unified and robust ARENA is a vital counterbalance to the pro-Chavez/hard-line segment of the FMLN. Even some of Funes' (non-FMLN) advisors would agree. End Comment.
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